

## Application of the Oeko-Institut/WWF-US/ EDF methodology for assessing the quality of carbon credits

This document presents results from the application of version 3.0 of a methodology, developed by Oeko-Institut, World Wildlife Fund (WWF-US) and Environmental Defense Fund (EDF), for assessing the quality of carbon credits. The methodology is applied by Oeko-Institut with support by Carbon Limits, Greenhouse Gas Management Institute (GHGMI), INFRAS, Stockholm Environment Institute, and individual carbon market experts. This document evaluates one specific criterion or sub-criterion with respect to a specific carbon crediting program, project type, quantification methodology and/or host country, as specified in the below table. Please note that the CCQI website [Site terms and Privacy Policy](#) apply with respect to any use of the information provided in this document. Further information on the project and the methodology can be found here: [www.carboncreditquality.org](http://www.carboncreditquality.org)

Sub-criterion:	<a href="#">2.4.3: Avoiding double claiming with mandatory domestic mitigation schemes</a>
Carbon crediting program:	<a href="#">ACR</a>
Assessment based on carbon crediting program documents valid as of:	<a href="#">15 May 2022</a>
Date of final assessment:	<a href="#">08 November 2022</a>
Score:	<a href="#">1</a>

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## Assessment

This sub-criterion is assessed at the level of the project type, the host country, and the carbon crediting program. If the carbon crediting program's approaches differ between quantification methodologies, then this sub-criterion should be separately assessed for the relevant quantification methodologies.

### Relevant scoring methodology provisions

The methodology first assesses whether there is a material risk that the project type concerned could overlap with mandatory domestic mitigation schemes (see definition in the methodology) in the relevant host country. Table 25 provides examples for which project types this risk is material. The evaluation may also need to consider the context of the relevant host country. For example, in LDCs it is less likely that mandatory domestic mitigation schemes are in place. For project types and host countries for which this risk is deemed immaterial, the score is 5. For other project types, the scoring depends on the carbon crediting programs' procedures to address this risk (see paragraph below the table).

**Table 1**                      **Examples of project types with and without risks of overlapping with mandatory domestic mitigation schemes**

<b>Project types with material risk of overlap with mandatory domestic mitigation schemes</b>	<b>Project types with low risk of overlap with mandatory domestic mitigation schemes</b>
<ul style="list-style-type: none"> <li>· Renewable power generation</li> <li>· Energy efficiency improvements in industry (e.g. cement, steel)</li> <li>· Use of energy efficient electric devices (e.g. LEDs)</li> </ul>	<ul style="list-style-type: none"> <li>· Efficient cookstoves</li> <li>· Landfill gas flaring</li> </ul>

Carbon crediting programs can avoid this form of double counting in two ways, by:

1. Not registering projects or issuing carbon credits that overlap with mandatory domestic mitigation schemes;
2. Establishing provisions that require that the project's impacts are not counted towards the achievement of the respective mandatory domestic mitigation schemes: Requiring that, if carbon credits are associated with activities or emission reductions/removals that are covered by these schemes, the project's impacts (e.g., the emission reductions achieved or the kilowatthours of renewable electricity produced) are not counted towards the achievement of these targets or obligations (e.g., by cancelling ETS allowances before issuing carbon credits, to the extent that the project reduces emissions from sources and gases covered by the ETS, or by not counting the renewable electricity generated by the project towards a mandatory quota for renewable electricity generation).

The methodology assigns a score of 5 to carbon crediting programs that have any of these two approaches in place. If a carbon crediting program only addresses overlap with ETSs, for example by cancelling ETS allowances before issuing carbon credits, to the extent that the project reduces emissions from sources and gases covered by the ETS, but not with other potential mandatory domestic mitigation schemes (e.g., renewable electricity generation quotas), then a score of 3 is assigned. If a carbon crediting program does not have such procedures in place but nevertheless

registers projects for which the emission reductions or removals may overlap with mandatory domestic mitigation schemes, a score of 1 is assigned (Table 26).

**Table 2 Scoring approach for avoiding double claiming with mandatory domestic mitigation schemes**

<b>Carbon crediting program requirement</b>	<b>Score</b>
The program has established provisions that do not allow registering projects or issuing carbon credits that overlap with mandatory domestic mitigation schemes.	5
The program allows registering projects and issuing carbon credits that could overlap with mandatory domestic mitigation schemes but it has established robust provisions that, if carbon credits are associated with activities or emission reductions/removals that are covered by these schemes, the project's impacts are not counted towards the achievement of these targets or obligations.	5
The program allows registering projects and issuing carbon credits that could overlap with mandatory domestic mitigation schemes. It has established robust provisions that address overlap with ETSs but it has not established provisions to address overlap with other types of mandatory domestic mitigation schemes.	3
The program allows registering projects and issuing carbon credits that could overlap with mandatory domestic mitigation schemes and has not established provisions to address such overlap.	1

### Information sources considered

- 1 The American Carbon Registry Standard. Requirements and specifications for the quantification, monitoring, reporting, verification, and registration of project-based GHG emissions reductions and removals. Version 7.0, December 2020, available at [https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard/acr-standard-v7-0\\_final\\_dec2020.pdf](https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard/acr-standard-v7-0_final_dec2020.pdf)

### Relevant carbon crediting program provisions

- Provision 1 Source 1, chapter 10: "AVOIDING DOUBLE COUNTING WITH OTHER GHG PROGRAMS & REGISTRIES, EMISSION TRADING SYSTEMS, AND NATIONAL OR SECTORAL GHG EMISSIONS REDUCTION TARGETS [...] Double use refers to either 1) an instance in which a single GHG reduction or removal is sold to more than one entity at a given time (also referred to as double selling) due to double issuance or fraudulent sales practices, which may or may not be detectable, or 2) an instance in which an issued unit is used by the same buyer toward more than one target (e.g., under systems that are not linked, do not coordinate, or may have inconsistent rules for reporting and/or retirement). To prevent double use, ACR requires execution of ACR's legal Terms of Use (ToU) Agreement by authorized account representatives, clear proof of ownership upon registration, tracking of ownership of credits within the registry by serial number and account, and an attestation prior to each issuance of unique, uncontested ownership and legal rights to the emissions reductions as well as that no emissions reductions issued by and registered on ACR have been serialized, registered, retired or otherwise transacted on another registry and/or by another standard nor have they been transferred, retired or otherwise used or disposed of other than as duly recorded on the ACR registry."

## Assessment outcome

The carbon crediting program is assigned a score of 1.

## Justification of assessment

While ACR's standard includes a heading on "avoiding double counting with other GHG programs & registries, emissions trading systems and national or sectoral GHG emissions reduction targets", no methodology is described on how such double counting would be avoided (Provision 1). ACR has thus no effective provisions in place to avoid double claiming with mandatory domestic mitigation schemes.

The program allows, however, registering project types that could overlap with mandatory domestic mitigation schemes.

In the case of landfill gas utilization projects, the captured gas is mostly used for electricity or heat generation, replacing the use of fossil fuels for electricity or heat generation. Electricity or heat generation from fossil fuels is in several countries covered by emissions trading systems. In principle, such systems could also cover methane emissions from landfills.

Similarly, in the case of establishment of natural forest, such activities could be covered by emissions trading systems. For example, New Zealand has established an emissions trading system that covers the forest sector. Similarly, the EU has adopted the LULUCF regulation which allows countries to use removals from afforestation activities to meet their obligations under the Effort Sharing Regulation.

The scoring methodology further establishes that for project types and host countries for the risk of double claiming with mandatory domestic mitigation schemes is deemed immaterial, a score of 5 is assigned. This may apply, for example to LDCs where it is less likely that mandatory domestic mitigation schemes are in place. ACR, however, does not have projects in LDCs, and mandatory domestic mitigation schemes may exist in the countries where ACR projects are located. Therefore, a score of 1 is assigned.